



STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
601 Delaware Avenue
Wilmington, Delaware 19899


TAX NEWSGRAM 76-11

September 3, 1976

- Personal Income Tax - Chapter 11, Title 30, Delaware Code
Long-Term Capital Gains

The capital gain modification of Federal adjusted gross income in determining Delaware taxable income has been eliminated for taxable years beginning on or after January 1, 1977. Under present law Section 1106 (a) (2), 30 Delaware Code, requires that the 50% long-term capital gain deduction, allowable under Federal law and attributable to gains realized after July 7, 1973, be added back to Federal adjusted gross income in computing Delaware taxable income. This modification is repealed by House Bill No. 1297, 128th General Assembly, Second Session (Ch. 639, Vol. 60, Laws of Delaware). Thus, effective January 1, 1977, capital gains shall be treated for Delaware Personal Income Tax purposes in the same manner as they are treated for Federal income tax purposes.

The repeal of Section 1106 (a) (2) will not affect Personal Income Tax returns for the 1976 taxable year due April 30, 1977. The modification will continue to be required with respect to capital gains realized in 1976 and includible in 1976 income for Federal purposes. Where an agreement to sell property is entered into before December 31, 1976, but the settlement date and actual transfer does not occur until 1977, any capital gain derived would be considered realized in 1977. Similarly, capital gains received in 1977 or subsequent year by reason of an installment sale occurring in 1976 or prior year would be considered realized in 1977.


Louis N. Megargee
Director of Revenue

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